



# Liquor Control Commission Annual Report 2007



*Be responsible about drinking when enjoying life and recreation.  
Safety first!*

*Prince Edward Island  
Liquor Control Commission  
59<sup>th</sup> Annual Report*

*For the Year Ended  
March 31, 2007*



*West Royalty*



*Souris*

*Featured within this year's annual report are photos from  
West Royalty and Souris liquor stores: Multimedia Services, Provincial Treasury*

*Cover photo: Tourism PEI/John Sylvester*

## Corporate Vision

The Prince Edward Island Liquor Control Commission will be recognized as a truly superior retailer in Prince Edward Island. We will achieve this through quality products, modern technology and increased services. We intend to build better relationships with customers and suppliers. We will always strive for the best possible value for our customers, staff and other stakeholders.

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## Mission Statement

The PEI Liquor Control Commission regulates the sale of beveraged alcohol under the authority of the *Liquor Control Act*. It manages the distribution of alcohol by:

- operating in a socially responsible manner;
  - achieving the revenue goals of the Provincial Government;
  - providing suppliers with controlled access to the marketplace on a fair basis from modern, attractive venues;
  - encouraging responsibility and moderation in the consumption of beveraged alcohol; and
  - providing its employees with equality of opportunity and increased training programs that assist in the individual's personal development and in the commission's overall customer service strategy.
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## Corporate Values

- **Moderation** – We promote responsible use as a way of life.
- **Quality Service** – We take pride in the quality of our work. We strive for excellence in caring for our customers, suppliers and one another.
- **Continuous Improvement** – As a retailer, we welcome change. We are committed to continuous improvement to all our services.
- **Integrity and Fairness** – We take responsibility and are fully accountable for our actions, decisions and behaviour. We meet our commitments and obligations to co-workers, customers and business partners. We are open, honest and fair.
- **Importance of People** – We are committed to fostering a positive workplace that builds teamwork and mutual respect and encourages individual development.
- **Focus on Results** – We are committed to getting the job done and improving our productivity levels.

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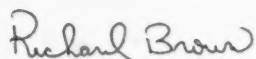
## *Message From the Minister*

The Honourable Barbara Hagerman  
Lieutenant Governor of Prince Edward Island  
PO Box 2000  
Charlottetown, PE C1A 7N8

May It Please Your Honour:

Pursuant to the PEI *Liquor Control Act*  
and as Minister designate, it is my  
privilege to submit the 59<sup>th</sup> Annual Report  
of the Prince Edward Island Liquor  
Control Commission.

Respectfully submitted,



Richard E. Brown  
Minister of Development and Technology  
Minister Responsible for the Liquor Control Commission





## Message From the Chairman

The Honourable Richard E. Brown  
Minister of Development and Technology  
Minister Responsible for the Liquor Control Commission  
PO Box 2000  
Charlottetown, PE C1A 7N8



Sir:

In compliance with Section 87(3) of the *PEI Liquor Control Act*, I have the honour to submit the 59<sup>th</sup> Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1, 2006, to March 31, 2007.

Respectfully submitted,

Gordon Coles  
Chairman

## *Message From the CEO*

Mr. Gordon Coles, Chairman  
PEI Liquor Control Commission  
PO Box 967  
Charlottetown, PE C1A 7M4

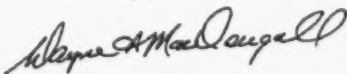
Dear Mr. Coles:

I am pleased to report that fiscal 2006-2007 represented our 10<sup>th</sup> consecutive year of record sales and returns to Government and the people of Prince Edward Island. Sales increased by more than \$2.2 million to over \$76 million due to volume growth. Payments to the Province exceeded \$32 million and we are pleased to state that the commission continues to be a top revenue generator for the Province. I wish to thank all our staff for their dedication and hard work which enabled the commission to have another successful year.

Our strategic plan has served us well as we continue to invest in people, stores, efficiencies and technologies. As a result of these investments, sales and profitability continue to set record levels.

I want to thank our Board of Commissioners for their ongoing support and guidance. The organization will continue to improve and move forward in the following areas: improved customer service and operational efficiency, enhanced product selection, upgraded and modernized stores, optimized profitability and improved technology.

Yours truly,



Wayne A. MacDougall  
Chief Executive Officer



## Management's Report

Gordon Coles, Chairman  
PEI Liquor Control Commission  
PO Box 967  
Charlottetown, PE C1A 7M4

Dear Mr. Coles:

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the commission. This responsibility includes the selection of appropriate accounting policies and making judgements and estimates consistent with generally accepted accounting principles.

The commission maintains an accounting system and related controls to provide management and the commission with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

Financial information presented elsewhere in this annual report is consistent with that in the financial statements.



*Wayne A. MacDougall*  
Wayne A. MacDougall  
Chief Executive Officer



*Wendy L. MacDonald*  
Wendy L. MacDonald, CA  
Director of Finance and Retail Operations



## *Corporate Governance*

Corporate governance describes the process and structure for overseeing the direction and management of a crown corporation so that it effectively fulfills its mandate. This involves both its public policy and commercial objectives. It defines who is responsible for what, and how to ensure accomplishment and accountability.



### **Liquor Control Commission Board**

*Back row from left: Murray Murphy, Solicitor; James Dymont, Member; Pam Campbell, Secretary;  
\*Joe Richard, Member; Ralph Billard, Member; Wayne MacDougall, Chief Executive Officer*

*Front from left: \*Gordon Coles, Chair; \*George Mansfield, Vice-Chair;*

*\*Serves on the Audit Committee*

## **Mandate of Commission Board**

The mandate of the board is to supervise the business affairs of the commission. Its most important responsibilities are:

- ensuring that the PEILCC provides high-quality service to the public
- developing and approving the strategic plan and monitoring management's success in meeting the strategic plan
- approving annual financial plans
- assessing and managing business risks
- ensuring that the PEILCC performs its regulatory role in a fair and impartial manner

## **Appointment of Members of the Commission**

The Lieutenant Governor in Council, through an order-in-council, appoints the members of the commission, establishes the salaries and designates the chair and vice-chair.

## **Responsibilities of Commission Members**

Each commission member has individual responsibilities for corporate governance, including:

- acting honestly and in good faith in making decisions with a view to the best interests of the PEILCC and all its stakeholders
- overseeing the management of the business affairs of the PEILCC
- avoiding conflicts of interest
- having adequate knowledge of the PEILCC's business, how it is organized and how it functions
- attending commission meetings and seeking professional advice where necessary
- providing guidance on policy development
- reviewing appeals of denials of listing applications



*Souris*

## Audit Committee

The Audit Committee is composed of three commission members elected annually by the commission. The committee ensures the reliability and accuracy of the PEILCC's financial statements, helps co-ordinate and improve internal control functions, and ensures the PEILCC adheres to sound corporate governance principles.

The committee:

- monitors the commission's activities and operations
- reviews the PEILCC policy and procedures manuals to ensure they describe accurately the procedures and activities and set out appropriate control and management processes
- meets with the auditor to review the commission's audit
- identifies the principal risks facing the business and reviews systems to manage these risks
- oversees the production of the Annual Report.

## Accountable to Government and Public

The PEILCC is held accountable by the Government and people of PEI in a number of ways, including:

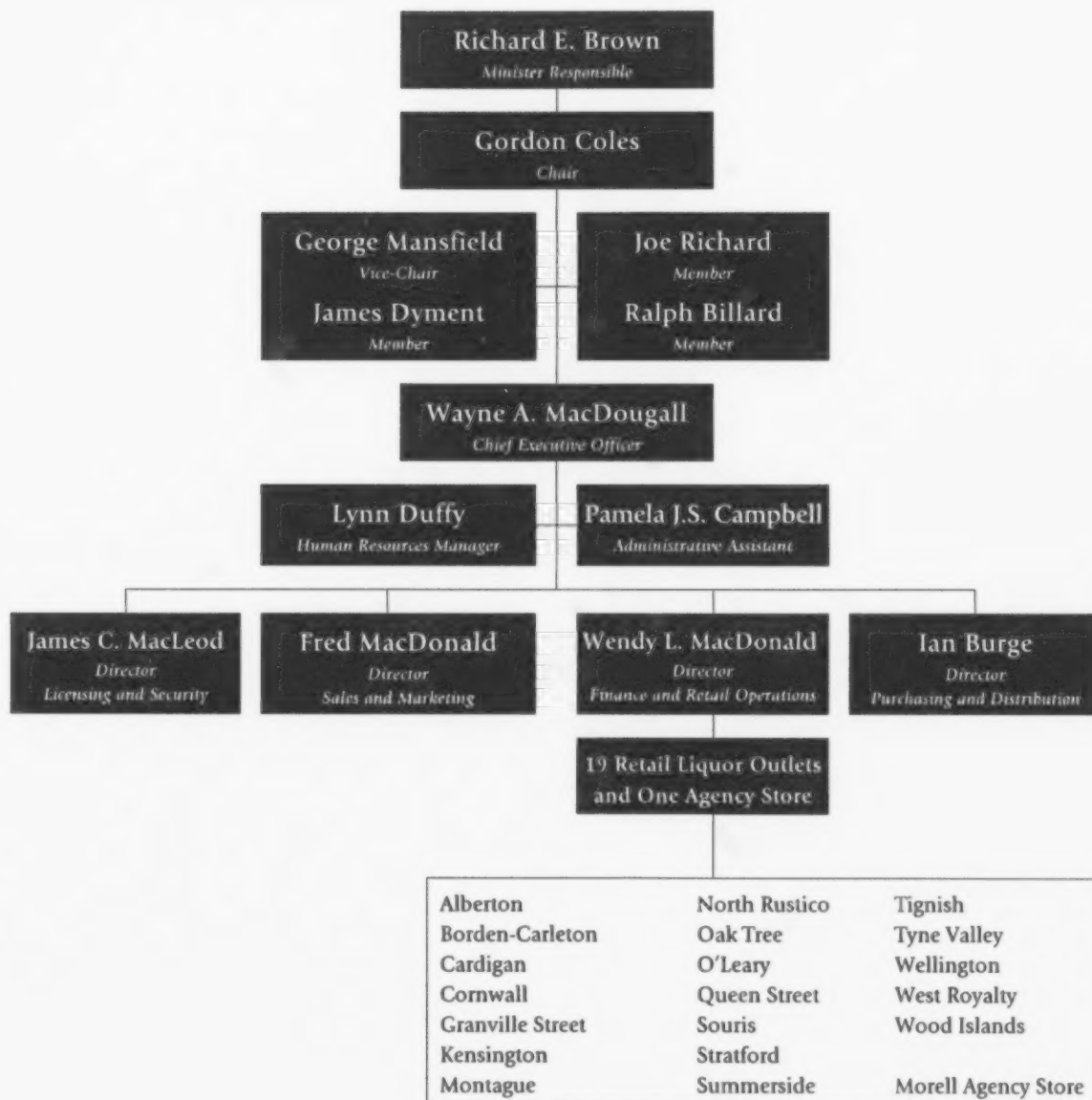
- the Annual Report, tabled in the Provincial Legislature and available for all Islanders to review, either in print or online at [www.peilcc.ca](http://www.peilcc.ca)
- annual audits of the PEILCC's financial statements by the auditor
- public access to records under the *Freedom of Information and Protection of Privacy Act*
- publicly appointed commission members.



### Management Team of the PEI Liquor Control Commission

*From left: James C. MacLeod, Director of Licensing and Security;  
Fred J. MacDonald, Director of Sales and Marketing; Ian K. Burge, Director of Purchasing and Distribution; Lynn  
Duffy, Human Resources Manager;  
Wendy L. MacDonald, CA, Director of Finance and Retail Operations;  
and Wayne A. MacDougall, Chief Executive Officer*

## Organizational Chart



## *Executive Summary*

The Prince Edward Island Liquor Control Commission (PEILCC) is a crown corporation responsible for the administration of the *Liquor Control Act* and Regulations, along with the purchase, control and sale of all beveraged alcohol in the province.

A five-member Board of Commissioners is responsible for the commission's activities. The chairperson reports to the Minister of Development and Technology who is also the Minister Responsible for the *Liquor Control Act*.

The mandate under the *Liquor Control Act* has two primary components: regulatory and commercial.

The regulatory function is carried out by the commission's Licensing and Security Department which is responsible for licensing and inspecting all licensed premises and special permit functions.

It also investigates and reports on all licensee complaints and determines whether there were infractions of the *Liquor Control Act*.

On the commercial side, the commission is a major force in the provincial economy with sales in excess of \$76 million making it one of the largest retail organizations in Prince Edward Island.

In terms of monetary transfers to the Provincial Treasury, this year's was the greatest transfer ever with more than \$32 million forwarded to the Province.

The commission presently operates 19 retail outlets which are all now self-serve in design. In addition, the commission operates a central warehouse and Licensee Distribution Centre located in Charlottetown. The commission has contracted with private interests for the operation of an Agency Store in Morell, PEI.

The commission has a strategic plan which guides the commission in successfully meeting its performance and accountability goals.

In our strategic plan, the commission has focussed on five key areas for measuring our performance:

1. Financial Performance,
2. Customer Service,
3. Business Effectiveness,
4. Public Safety and Social Responsibility, and
5. Workplace Quality and Employee Excellence.

These areas serve as a blueprint for incorporating our Mission Statement into day-to-day activities. While our financial success was our "best ever," we were also successful in meeting the strategic goals established for the other four pillars of our strategic plan. These will be explained in more detail further in this report.



## Sommaire

La Régie des alcools de l'Île-du-Prince-Édouard (R.A.Î.-P.-É.) est une société de la Couronne responsable de l'administration du *Liquor Control Act* (loi sur le contrôle des alcools) et de ses règlements, ainsi que de l'achat, du contrôle et de la vente de tous les breuvages alcooliques dans la province.

Un conseil des commissaires de cinq membres est responsable des activités de la Régie. La présidence fait rapport au ministre du Développement et de la Technologie qui est également ministre responsable du *Liquor Control Act*.

Le mandat relevant du *Liquor Control Act* a deux composantes principales, une de réglementation et l'autre commerciale.

La fonction de réglementation est mise à exécution par le service des licences et de la sécurité de la Régie qui est responsable de l'octroi des licences et de l'inspection de tous les débits de boisson et des fonctions rattachées aux permis spéciaux.

Le service enquête également et fait rapport sur toutes les plaintes et décide s'il y a infraction au *Liquor Control Act*.

Du côté commercial, la Régie est un levier important de l'économie de la province avec des ventes dépassant les 76 millions de dollars, ce qui en fait le plus important organisme de vente au détail de l'Île-du-Prince-Édouard.

En termes de transferts monétaires au Trésor provincial, l'Île a connu cette année les meilleurs transferts de son histoire, soit plus de 32 millions de dollars.

À l'heure actuelle, la Régie opère dix-neuf (19) points de vente au détail qui ont tous une conception de libre service. De plus, la Régie opère un entrepôt central et un centre de distribution des licences. Ce dernier est situé à Charlottetown. La Régie a passé un contrat avec le secteur privé pour les activités d'un magasin de franchise à Morell, Î.-P.-É.

La Régie utilise un plan stratégique pour atteindre ses objectifs de performance et d'imputabilité.

Dans son plan stratégique, la Régie concentre ses efforts sur cinq domaines principaux afin de mesurer sa performance :

1. La performance financière;
2. Le service à la clientèle;
3. L'efficacité de l'entreprise;
4. La sécurité publique et la responsabilité sociale;
5. La qualité du milieu de travail et l'excellence des employés.

Ces domaines servent de plan directeur à l'intégration de notre mission dans nos activités quotidiennes. Même si notre succès financier a été notre « meilleur de tous les temps », nous avons également réussi à atteindre les objectifs stratégiques fixés dans les quatre autres piliers de notre plan stratégique. Ces derniers seront expliqués en détail plus loin dans ce rapport.

## *Operational Review*

### **Shared Commitments**

As a crown corporation, the PEI Liquor Control Commission has a number of stakeholders including the Government and people of Prince Edward Island, our customers, employees, suppliers and industry partners, non-profit groups and all those who share our concern for public safety. The commission's customer base includes the public who access our products through our retail network, as well as wholesale clients such as restaurants and bars.

To respond to the needs and concerns of our customers and stakeholders in fiscal 2006-2007, we:

- delivered quality products and services, responsive to customer needs and industry trends;
- promoted the safe and responsible use of beverage alcohol through comprehensive public awareness programs and partnerships with communities and non-profit groups;
- offered safe and professional workplaces to our employees;
- provided training to ensure both excellent customer service and enforcement of provincial liquor laws;
- partnered with our suppliers to build effective promotions across all product categories which include spirits, wine, refreshment beverages and beer;
- participated in fundraising campaigns for a significant number of charitable organizations including the IWK (Isaac Walton Killam) Foundation, Canadian Diabetes Association, Canadian Cancer Society, United Way, Easter Seals, Parkinson's Society, CAT Action Team, Canadian Red Cross, Island Hospice and the ALS Society of Prince Edward Island.



*West Royalty*

## 2006-2007 Year in Review

The Prince Edward Island Liquor Control Commission's Strategic Plan continued to guide activities through fiscal 2006-2007. Progress on strategic objectives is supported by annual business plans that set priorities for actions to meet objectives and timelines for their completion. The following is an overview of our performance throughout the year in each of the five strategic objectives.

### ☐ Goal 1 *Financial Performance*

#### **Goal**

To maximize net income within the policy guidelines established by the provincial government.

#### **Objectives**

1. Achieve or exceed planned monetary transfer to the Provincial Government.
2. Achieve or exceed net income targets.
3. Increase traffic through liquor stores.

	Actual 2005-2006	Target 2006-2007	Actual 2006-2007	Percentage of 2006-2007 Target	Forecast 2007-2008
Customers Served	2,548,251	2,570,295	2,536,338	98.7%	2,582,396
Total Sales	\$74,008,804	\$74,434,739	\$76,232,645	102.4%	\$77,661,317
Gross Profit	\$21,341,990	\$21,337,062	\$22,497,876	105.4%	\$22,653,258
Operating Expenses	\$11,011,240	\$11,517,257	\$11,420,721	99.2%	\$12,233,449
Net Income	\$12,070,128	\$11,276,194	\$13,017,277	115.4%	\$11,551,385
Monetary Transfers	\$30,431,539	\$29,736,450	\$32,087,903	107.9%	\$30,816,828
Total Expenditures Percentage of Sales	14.9%	15.5%	15.0%		15.8%

Volumes by Litre	Actual 2005-2006	Target 2006-2007	Actual 2006-2007	Percentage of 2006-2007 Target	Forecast 2007-2008
Beer	8,673,690	8,719,065	8,663,497	99.4%	8,706,814
Draught	460,137	462,544	510,736	110.4%	524,533
Spirits	785,714	789,825	792,975	100.4%	801,733
Wine (including BYO)	924,620	929,457	991,672	106.7%	1,053,409
Coolers	407,553	409,685	443,609	108.3%	452,295
Total Volume	11,251,714	11,310,576	11,402,489	100.8%	11,538,784

### Performance Highlights

The PEI Liquor Control Commission delivered both an increased net profit and an increased transfer to the provincial government in fiscal 2006-2007.

For the fiscal year ended March 31, 2007, gross sales were \$76,232,645 which is an increase of \$2,223,841 over the previous year. This increase is as a result of customers shifting from an economy brand to more premium products.

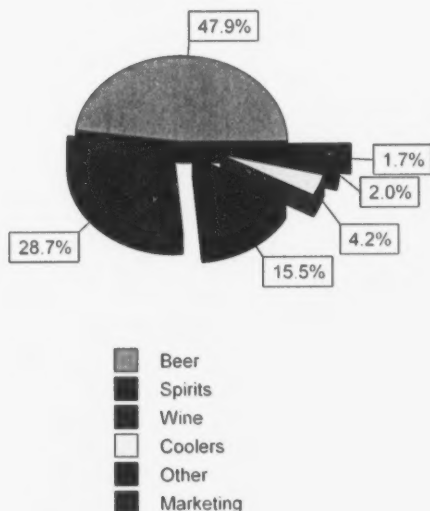
Net profit for the year, plus health and sales taxes, totaled \$32,087,903. This is an increase over the 2005-2006 contribution to the province by \$1,656,364 and represents our best year ever in terms of yearly transfers to the Provincial Treasury.

The commission's business is international in scope with approximately \$30.5 million spent on the purchase of beverage alcohol. Gross margins have increased by 0.67% as the commission has been able to negotiate lower transportation costs.

However in 2006-2007, the commission served 2,536,338 customers, a decrease of 11,913. This decrease is a result of the growing number of Islanders heading west to work and a decline in tourism in the past fiscal year. The decrease in customers and the shift in demographics was the major reason for decline in the beer category. However, on a more positive note, the wine category continues to show significant growth as customers expand their knowledge and taste for wines.

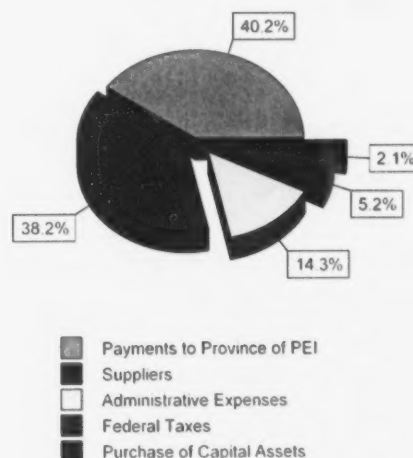
**Figure A - Sources of Revenue**

Fiscal Year 2007



**Figure B - Application of Revenue**

Fiscal Year 2007



## □ Goal 2

## Customer Service

### Goal

To understand the need of our customers so that we can provide quality products and services that are delivered by knowledgeable, courteous employees in attractive and accessible facilities.

### Objectives

1. Enhance the shopping experience for PEILCC wholesale and retail customers.
2. Provide store upgrades.
3. Provide enhanced customer services.
4. Improve product portfolio.

	Actual 2005-2006	Target 2006-2007	Actual 2006-2007	Percentage of 2006-2007 Target	Forecast 2007-2008
Store Upgrades	1	2	2	100.0%	1
Product Listings	920	1,000	957	95.7%	1,100
Wine Festival Sales	\$125,000	\$125,000	\$146,382	117.1%	\$250,000

### Performance Highlights

During the year the commission relocated the Charlottetown Mall store to West Royalty and opened a newly renovated store in Souris. Both stores include large chilled beverage sections, more functional shelving with larger capacity, wider aisles and a bright and welcoming environment. The stores' layout allows for better traffic flow, easier customer access and improved product displays.

To ensure that the right products are in the right place at the right price, the commission continues with category analysis of each and every store in the province. This undertaking has identified brands that are successful as well as brands that are no longer appealing in the Prince Edward Island market.

During the year ended March 31, 2007, there were 20 products that were unsuccessful in achieving their sales quotas and thus they were delisted, there were 57 new listings for the year giving the commission a high of 957 listings, one of the highest listings per capita in Canada.

The shelf space made available through the category and shelf management process will enable the commission to take in products that will appeal to Islanders and tourists and, of course, help in the commission's goal of another record transfer. In time, all of the commission's stores will have undergone the category review.



Interest in the commission's wine festival has grown in leaps and bounds in recent years which is a reflection of the interest Islanders and visitors have shown the wine category in general. Sales for the 12<sup>th</sup> annual wine festival exceeded \$146,300. The wine festival is an ideal opportunity to discover new wines from the great wine producing countries of the world and to actually talk to the makers of some of this wine in person. The wines presented at the festival offer more choice for customers and licensees, which in turn enhances the dining experience at many of the Islands's fine eating establishments.



*Souris*

### **□ Goal 3      Business Effectiveness**

#### **Goal**

To improve operating efficiencies and manage business practices in a climate of continuous change.

#### **Objectives**

1. Operate the business in the most effective and efficient manner possible.
2. Maximize the efficiency of the PEILCC liquor distribution operation.

	<b>Actual 2005-2006</b>	<b>Target 2006-2007</b>	<b>Actual 2006-2007</b>	<b>Forecast 2007-2008</b>
Distribution Centre Stock-out	15.0%	5.0%	7.4%	5.0%
Store Inventory Turns/Days	26.3	28.0	25.4	28.0
Warehouse Inventory Turns/Day	34.0	34.0	36.5	35.0

### ***Performance Highlights***

At the beginning of the fiscal year ended March 31, 2007, the commission set inventory turnover goals as part of its strategic plan. These turnover ratios, based on the year ended March 31, 2006, allow the commission to measure its inventory efficiencies.

During the year the commission met and exceeded its goals for days-in-inventory at the store level and experienced a slight increase for days-in-inventory at the warehouse. At the store level, days-in-inventory was 25.4 an improvement of 0.9 days and at the warehouse level, days-in-inventory was 36.5 days an increase of 2.5 days-in-inventory.

Improving inventory turnover decreases the amount the commission has tied up in inventory, thus increasing the funds available for transfer to the Province. In order to better serve customers, the commission implemented warehouse stock-out reports. These reports allow better monitoring of inventory to ensure the goods are available to be shipped from the warehouse to the store, thus minimizing the number of stock-outs and increasing customer satisfaction.

Increased inventory turnover at the store level shows the commission's increased efficiency by bringing product to the customer quicker resulting in improved customer satisfaction. To ensure customer service levels were maintained and to avoid stock-outs at the store level, more stock was inventoried in the warehouse resulting in fewer inventory turns during the year.



*Souris*

## □ Goal 4 Public Safety and Social Responsibility

### Goal

In partnership with community groups and suppliers, we will strive to raise public and staff awareness of the responsible use of beverage alcohol.

### Objectives

1. Eliminate sales to minors and intoxicated people.
2. Continue to increase the awareness and promote public awareness of issues surrounding responsible use of beverage alcohol.
3. Increase, through partnerships, the effects of the responsible use of alcohol.

	Actual 2005-2006	Target 2006-2007	Actual 2006-2007	Percentage of 2006-2007 Target	Forecast 2007-2008
ID Checks *	45,240	46,600	59,864	128.5%	60,000
Inspections	5,569	6,000	6,624	110.4%	5,900

\* Check 25 Program introduced in August 2006

### Performance Highlights

The PEI Liquor Control Commission continues to promote the responsible use of alcohol through various awareness programs. In fiscal 2006-2007, initiatives included Date Rape/Club Drug Awareness Program, Check 25 ID Program, HOST booklet, Fetal Alcohol Awareness Campaign, and various Don't Drink and Drive messages. During peak times such as graduation, Christmas and New Years, responsible use messages were distributed through the local media.

The Check 25 Program, introduced in August 2006, is an identification program used to prevent the sale of alcohol to minors. The program requires store staff to request identification of anyone who appears to be under the age of 25 and to refuse them service if they cannot furnish valid ID.

The commission participates on a number of committees such as Provincial Impaired Driving Committee, Canadian Liquor Jurisdictions Social Responsibility Committee and sponsors the responsible beverage course – *It's Our Business*.

The commission strives to provide products that are socially responsible and incorporates responsible messaging into the product promotion.

The commission actively supports various groups through coin box collections in the retail outlets. In fiscal 2006-2007, groups such as Canadian Red Cross, Mothers Against Drunk Driving, Isaac Walton Killam Hospital, ALS, Spina Bifida, Parkinsons, CAT Action Team, Canadian Breast Cancer, Friends of Catholic Family Services, Council of the Disabled and PEI Rape and Sexual Assault all received benefits from this activity. In addition, commission staff collected over \$3,100 for the Queen Elizabeth Hospital through dress-down days and the Wine Festival auction raised \$5,000 for the Island Hospice.

Optimal compliance to the *Liquor Control Act*, Regulations and Policies is a primary objective of the commission. Store staff check and verify the age of customers and refuse minors or intoxicated persons. In mid-August 2006, the Check 25 program was introduced in all liquor stores thus accounting in large measure for a 14,624 increase in ID checks over fiscal year 2005-2006. To this end, in 2006-2007 the store staff checked 59,864 people suspected of being underage, intoxicated or with no ID and turned away 3,301.

Inspection staff performed 6,624 compliance inspections during this fiscal year which is an increase of 1,055 over the previous year. The increase is a result of this being the first full year that commission counted premises with dining room and lounge licenses as two inspections as opposed to one inspection as was the case in previous years.

During the 2006-2007 year, the commission continued its commitment to social responsibility in the areas of alcohol service and community support.

The commission partnered with a number of outside agencies in shared activities including:

- Participated in the ongoing development of information packages on responsible use and service on a national basis as an active member of the CALJ (Canadian Association of Liquor Jurisdictions) Social Responsibility Committee.
- Assisted in sending PEI SADD (Students Against Drinking and Driving) representatives to the national CYAID (Canadian Youth Against Impaired Driving) conference.
- Advertised in the local media Safe Prom Tips for Parents and Students during school and university graduation times.
- Continued, in affiliation with the Canadian Culinary Institute, to provide the mandatory server program *It's Our Business* which is an awareness program for staff of licensed premises.
- Raised monies for Isaac Walton Killam Hospital, Queen Elizabeth Hospital, Parkinson Society, ALS (Lou Gehrig's Disease), Canadian Diabetes Association and Easter Seals Campaign through weekly staff dress-down days.

## □ Goal 5 Workplace Quality and Employee Excellence

### Goal

Build a customer-focused, high-performance work environment that results in greater employee involvement, development, innovation and creativity.

### Objectives

1. Enhance staff skills through employee training programs.
2. Continue to develop a customer-focused workplace.
3. Provide a safe, healthy and harassment-free workplace.

	Actual 2005-2006	Target 2006-2007	Actual 2006-2007	Percentage of 2006-2007 Target	Forecast 2007-2008
Product Knowledge	96	100	184	184.0%	140
Workplace Safety Training	124	150	200	133.3%	100
Staff Development *	N/A	N/A	8	N/A	10

\* new initiative

### Performance Highlights

Training is offered to commission employees on an ongoing basis. The product knowledge course continues to be available to all and the requests to participate in this course increases with each passing year, especially within the casual employee category.

The commission is very aware of the need for continuous staff development and therefore offers short seminars relating to specific product knowledge throughout the year. During the fiscal year 2006-2007, industry experts from across the country gave staff a look into the world of high-end spirits, cocktail mixology and winemaking.

A rum expert spoke to staff on many aspects of the rum-making process, ranging from the harvesting of sugar cane to the finished product retailing in commission stores.

A cocktail mixology session consisted of a brief overview of prominent whiskey regions, differences in taste, distilling, whiskey-making ingredients and information on premium and super premium spirits. In order to give an example of the broader uses of whiskey and other spirit-based beverages alcohol, the session was concluded with the host mixing cocktails using a wide range of products.



Commission staff were treated to a tour of the Island's only winery. The experience began by walking through the vineyards and learning about the different varietals harvested at the winery. The tour continued through each stage of the winemaking process and finished off in the retail outlet.

The final seminar consisted of an expert winemaker discussing how his wines are a culmination of more than 300 years of grape growing and winemaking traditions. He had a range of award-winning varietals on hand, describing what went into each selection to give it the distinct flavour and texture for which his wines are famous.

These seminars are a valuable tool in educating and informing staff about trending products, regions and sectors in a constantly evolving retail environment.

Training on an ongoing basis exists in the area of First Aid and CPR and is offered during November each year. During the year, training sessions were also provided in the areas of Occupational Health and Safety as well as the Employee Assistance Program. Some employees have also attended sessions on Violence in the Workplace and Working Alone. These are concerns for all employers who attempt to provide safe working environments for all employees. Training specific to the responsibilities of the Licensing and Inspection department was provided in regard to the *Smoke Free Places Act* which covered enforcement, orders and court processes.

French language training is offered by the provincial government on a regular basis. Employees whose jobs require the skill or whose jobs would be enhanced with this skill are eligible to participate. The commission has a number of employees who are hoping to increase their French skills and these staff will be offered the opportunity.

Learning opportunities offered by the provincial government, in conjunction with other institutions such as UPEI, have been accessed by employees. Those include courses such as Strategic Planning, Managing in Challenging Times, Introduction to Interest Based Conflict Resolution, Leadership, Ethics and Accountability, Applied Motivation and Giving Effective Presentations. The Training and Development Fund provided by the provincial government is a valuable resource in assisting some employees to participate in training opportunities.



*West Royalty*

## Opportunities and Challenges Ahead

Looking ahead, the commission has identified a number of opportunities and challenges.

Over the past several years, the commission has strived to meet the expectations of an increasingly diverse and discerning customer base. New stores and renovations incorporating customer-friendly designs have resulted in changes in how we market our products and are all part of a directional shift. As we change to meet consumer needs, we are also setting standards for facilities and services which will require investment over time. We will also need to invest both human and financial resources to fulfil our 2007-2010 strategic plan.

Meeting future needs requires a capital plan involving investment in technology and retail stores. To provide the necessary funds for these investments, the commission has a monetary transfer goal of \$31 million to the provincial government for the 2007-2008 fiscal year.

As the result of changes to the *Retail Business Act* and the *Liquor Control Act*, the commission, along with all other businesses, now have the opportunity to open retail outlets on Sundays during the period May to December. The introduction of Sunday shopping will aid the commission in reaching its monetary transfer goal and achieving financial targets.

In conjunction with the capital plan, during the first part of the fiscal year 2007-2008, the commission has established an additional venue for wine lovers with its *store within a store* concept at the Oak Tree Liquor Store. The Vines at Oak Tree was created to offer more choice for

wine consumers who continue to pursue wines from countries around the world as well as Canada.

During the fiscal year 2006-2007, the Province of PEI announced that the sale of canned beer would be making a return to the Island. The commission is looking forward to the re-introduction of canned beer into the marketplace. The challenge facing the commission is that this will not be possible until such time as the Litter Control Regulations are revised to allow the sale of beer in cans and a return system for cans is developed.



West Royalty

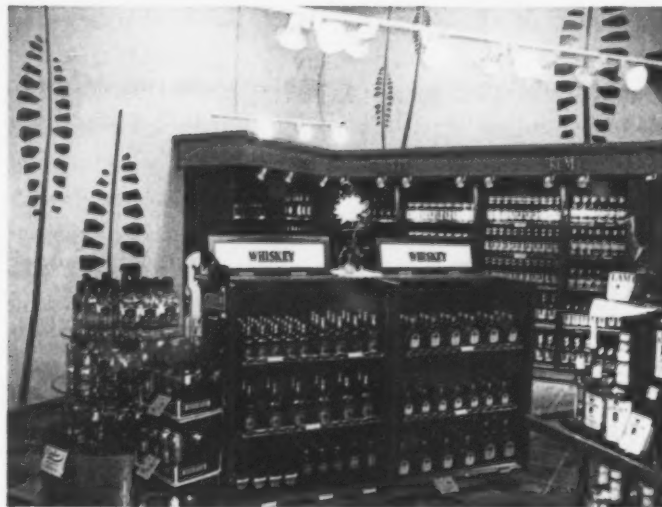
A key challenge exists in the area of human resources. As employees retire and new retail facilities and technology create new needs, we are challenged to constantly examine how we deploy human resources. We must also ensure that we have the resources to provide ongoing training and support for new staff and for existing staff requiring new skills to enhance both productivity and job satisfaction.

The commission is pleased to be partnering with E & J Gallo in a product-knowledge venture for all interested commission employees anxious in advancing their knowledge of wines. E & J Gallo is a major player in the world wine stage and the Gallo expertise is sure to pay big dividends for both the commission and its employees in the years to come.

Along with the aforementioned product knowledge course, the commission is pursuing sommelier training for selected, existing staff members interested in advancing their knowledge of wines. The concept of having a sommelier on staff is to further advance customer service for a growing number of consumers interested in wines.

The commission's commitment to social responsibility presents ongoing opportunities to get the message of responsible drinking and public safety out to a wide range of audiences.

Underlying all of these challenges and opportunities is our vision of excellence in management. By being prepared to capitalize on new opportunities in the marketplace and continuing to integrate and streamline our operations, we believe we are building an organization that is internally more efficient and publicly more accountable.



*West Royalty*

## Prince Edward Island Liquor Control Commission Retail Liquor Outlets



Location	Manager	Location	Manager
Alberton	Stephen Callaghan	Queen Street	Urban MacDonald
Borden-Charleton	Susan Harvey	Summerside Granville Street	Ronald Yeo
Cardigan	Anita O'Connor	Souris	Paul Deveau
Cornwall	William MacMillan	Summerside Waterfront	Barb Simpson
Kensington	Terry Lynn MacKenzie	Stratford	Cindy Judson
Montague	Anita O'Connor	Tignish	Sandra Hawley
Morell Agency	Mary Jane Webster	Tyne Valley	Clarence Richard
North Rustico	Terry Lynn MacKenzie	Wellington	Clarence Richard
Oak Tree	John Abbott	West Royalty	Alan Crane
O'Leary	Stephen Callaghan	Wood Islands	Anita O'Connor

## Retail Sales by Stores 2006/2007

Retail Store	Year Ended March 31, 2007	Year Ended March 31, 2006	Increase (Decrease)
Alberton	\$ 1,466,118	\$ 1,525,318	\$ (59,200)
Borden/Carleton	1,435,936	1,465,542	(29,606)
Cardigan	1,945,805	1,935,651	10,154
Charlottetown – Oak Tree Place	13,341,466	12,907,885	433,581
Charlottetown – Queen Street	2,892,827	2,464,069	428,758
Cornwall	4,006,430	3,810,057	196,373
Kensington	3,024,122	3,093,750	(69,628)
Licensee Distribution Centre	6,386,483	5,862,503	523,980
Montague	3,974,555	3,983,733	(9,178)
North Rustico	2,947,949	2,999,976	(52,027)
O'Leary	1,547,192	1,435,400	111,792
Souris	2,372,098	2,328,213	43,885
Summerside – Granville Street **	7,253,014	6,351,350	901,664
Summerside – Waterfront **	4,536,157	5,510,409	(974,252)
Stratford	6,413,476	6,222,343	191,133
Tignish	2,055,887	2,020,627	35,260
Tyne Valley	982,317	979,511	2,806
Wellington	1,111,682	1,152,602	(40,920)
West Royalty *	7,729,099	7,205,711	523,388
Wood Islands	523,450	510,665	12,785
Warehouse	286,582	243,489	43,093
Total	\$ 76,232,645	\$ 74,008,804	\$ 2,223,841

\* formerly known as Charlottetown Mall

\*\* shift in customer base between stores



## Summary of Profit and Expense Ratios Five-year Comparison

(in 000s)

	2007	2006	2005	2004	2003
Sales	\$ 76,233	\$74,008	\$70,968	\$69,339	\$ 66,003
Gross Profit	\$ 22,498	\$21,342	\$20,343	\$20,158	\$ 18,887
Net Profit	\$ 13,017	\$12,070	\$10,928	\$10,643	\$ 10,071
General and Administrative Expenses	\$ 11,421	\$11,011	\$11,036	\$10,809	\$ 9,998
Gross Profit as Percentage of Sales	29.5%	28.8%	28.7%	29.1%	28.6%
Net Profit as Percentage of Sales	17.1%	16.3%	15.4%	15.3%	15.3%
General and Administrative Expenses as a Percentage of Sales	15.0%	14.9%	15.6%	15.6%	15.1%

**Table A – Spirit Sales Volumes (litres) by Product Type**

Year	2007	2006	2005
Rum	290,142	291,235	294,446
Vodka	184,140	179,021	171,580
Whiskey	159,251	161,012	162,746
Liqueurs	55,375	50,120	49,860
Premix	52,330	54,834	49,949
Scotch	20,918	20,143	20,089
Gin	16,547	15,875	14,760
Brandy	5,288	5,378	5,293
Tequila	4,022	3,597	3,254
Bourbon	3,341	3,281	3,191
Miscellaneous	1,621	1,218	1,306
<b>Total</b>	<b>792,975</b>	<b>785,714</b>	<b>776,474</b>

**Table B – Wine Sales Volumes (litres) by Product Type**

Year	2007	2006	2005
White	511,001	482,111	453,261
Red	380,684	344,790	306,636
Fruit	42,122	40,352	37,750
Sherry	17,310	20,225	20,257
Rose	17,484	17,520	18,866
Dessert	10,098	9,930	11,371
Port	4,340	3,958	4,580
Vermouth	2,917	3,279	3,100
Miscellaneous	5,716	2,455	2,347
<b>Total</b>	<b>991,672</b>	<b>924,620</b>	<b>858,168</b>

**Table C – Beer Sales Volumes (litres) by Product Type**

Year	2007	2006	2005
Packaged	8,663,497	8,673,690	8,555,194
Draught	510,736	460,137	430,490
<b>Total</b>	<b>9,174,233</b>	<b>9,133,827</b>	<b>8,985,684</b>

**Table D – Cooler Sales Volumes (litres) by Product Type**

Year	2007	2006	2005
Spirit Coolers	412,796	372,321	383,956
Wine Coolers	30,813	35,232	37,445
<b>Total</b>	<b>443,609</b>	<b>407,553</b>	<b>421,401</b>

**Table E – 2007 Public vs Licensee Sales by Category**

	2007			2006		
	Public	Licensee	Total	Public	Licensee	Total
Beer	\$29,903,007	\$7,910,584	\$37,813,591	\$29,236,419	\$8,132,368	\$37,368,787
Spirits	20,530,365	2,331,160	22,861,525	20,070,437	2,358,643	22,429,080
Wine	10,253,293	1,923,352	12,176,645	9,297,235	1,750,586	11,047,821
Coolers	2,727,365	596,863	3,324,228	2,509,384	557,400	3,066,784
<b>Total</b>	<b>\$63,414,030</b>	<b>\$12,761,959</b>	<b>\$76,175,989</b>	<b>\$61,113,475</b>	<b>\$12,798,997</b>	<b>\$73,912,472</b>

**Table F – 2007 Public vs Licensee Sales Volumes (litres) by Category**

	2007			2006		
	Public	Licensee	Total	Public	Licensee	Total
Beer	7,043,828	2,130,405	9,174,233	6,936,784	2,197,043	9,133,827
Spirits	702,461	90,514	792,975	693,465	92,249	785,714
Wine	809,686	181,986	991,672	753,980	170,640	924,620
Coolers	357,815	85,794	443,609	326,663	80,890	407,553
<b>Total</b>	<b>8,913,790</b>	<b>2,488,699</b>	<b>11,402,489</b>	<b>8,710,892</b>	<b>2,540,822</b>	<b>11,251,714</b>

## Total Licences and Special Permits March 31, 2006 and March 31, 2007

Licence Type	Year Ended March 31, 2007	Year Ended March 31, 2006
Dining Room	188	196
Lounge	85	89
Club	66	67
Military Canteen	23	23
Special Premise	56	54
Caterer	21	22
Agency Store	1	1
Winery	1	1
Micro-Brewery	1	1
Tourist Home	6	6
<b>Total Licences in Effect</b>	<b>448</b>	<b>460</b>

*In fiscal year 2006 - 2007, the Licensing and Security Department issued 47 new licences and 59 licences were either not renewed or surrendered.*

Special Permits Issued	Year Ended March 31, 2007	Year Ended March 31, 2006
Class I	76	92
Class II	234	235
<b>Total</b>	<b>310</b>	<b>327</b>

*A Class I permit entitles host to give beverages to guests.  
A Class II permit entitles host to sell beverages to guests.*

**Appendix**  
  
***Auditor's Report  
and  
Audited Financial Statements***



**PRINCE EDWARD ISLAND**  
**LIQUOR CONTROL COMMISSION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

## **AUDITOR GENERAL**

**CHARLOTTETOWN  
PRINCE EDWARD ISLAND**

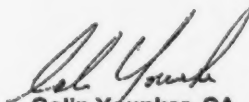
### **AUDITOR'S REPORT**

**To the Commissioners of the  
Prince Edward Island Liquor Control Commission**

I have audited the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 2007 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

  
Colin Younker, CA  
Auditor General

Charlottetown, Prince Edward Island  
June 1, 2007

## STATEMENT 1

## PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

## BALANCE SHEET

AS AT MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,016,549	\$ 746,966
Accounts receivable	309,228	234,677
Inventories - Note 1(b)	2,995,083	2,528,409
Prepaid expenses	<u>117,246</u>	<u>75,455</u>
	5,438,106	3,585,507
 Capital assets - Notes 1(a) and 2	 <u>4,631,759</u>	 <u>3,846,466</u>
	<u>\$10,069,865</u>	<u>\$7,431,973</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accruals - General	\$ 985,927	\$ 930,675
- Province of P.E.I.	62,506	57,062
Debentures payable - current portion - Note 4	807,908	732,804
Due to the Province of PEI - net income - Note 1(c)	<u>3,975,404</u>	<u>1,960,406</u>
	5,831,745	3,680,947
 <b>LONG TERM LIABILITIES</b>		
Debentures payable - Note 4	<u>4,238,120</u>	<u>3,751,026</u>
	<u>\$10,069,865</u>	<u>\$7,431,973</u>

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: *Linda Calver*COMMISSIONER: *Joe Richard*

## STATEMENT 2

## PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

## STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2007

		<u>2007</u>	<u>2006</u>
<b>SALES</b>		<b>\$76,232,645</b>	<b>\$74,008,804</b>
Less: Provincial Health Tax	\$13,293,330	\$12,798,089	
Provincial Sales Tax	5,777,296	5,563,322	
Federal Goods & Services Tax	<u>4,160,394</u>	<u>23,231,020</u>	<u>4,561,902</u>
			<u>22,923,313</u>
<b>NET SALES</b>		<b>53,001,625</b>	<b>51,085,491</b>
<b>COST OF GOODS SOLD</b>		<b><u>30,503,749</u></b>	<b><u>29,743,501</u></b>
<b>GROSS PROFIT</b>		<b>22,497,876</b>	<b>21,341,990</b>
<b>EXPENSES</b>			
Amortization	863,324	931,280	
Insurance and taxes	179,827	184,300	
Interest on long-term debt	280,315	296,284	
Leases - Note 3	798,210	771,598	
Other operating expenses	846,143	759,740	
Repairs and maintenance	538,041	509,298	
Salaries and benefits - Note 5	6,802,585	6,491,890	
Store and office expenses	326,718	318,482	
Travel	113,442	110,968	
Utilities	<u>672,116</u>	<u>11,420,721</u>	<u>637,400</u>
		<b>11,077,155</b>	<b>10,330,750</b>
<b>OTHER INCOME</b>		<b><u>1,940,122</u></b>	<b><u>1,739,378</u></b>
<b>NET INCOME - Note 1(c)</b>		<b><u>\$13,017,277</u></b>	<b><u>\$12,070,128</u></b>

(The accompanying notes are an integral part of these financial statements.)

## STATEMENT 3

## PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
Cash provided by (used for):		
<b>OPERATING ACTIVITIES</b>		
Net income for the year	\$13,017,277	\$12,070,128
Amounts charged against income not requiring an outlay of cash:		
Amortization	863,324	931,280
Loss on disposal of capital assets	<u>3,384</u>	<u>-</u>
	13,883,985	13,001,408
Changes in non-cash working capital:		
(Increase) Decrease in accounts receivable	(74,551)	71,140
(Increase) Decrease in inventories	(466,674)	104,871
(Increase) Decrease in prepaid expenses	(41,791)	(10,033)
Increase (Decrease) in accounts payable	<u>60,696</u>	<u>(848,151)</u>
Net cash provided by operating activities	<u>13,361,665</u>	<u>12,319,235</u>
<b>FINANCING ACTIVITIES</b>		
Cash payments to Provincial Treasury	(11,002,279)	(12,045,215)
Loans from Province	1,295,000	300,000
Debenture repayment	<u>(732,802)</u>	<u>(666,039)</u>
Net cash used for financing activities	<u>(10,440,081)</u>	<u>(12,411,254)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	<u>(1,652,001)</u>	<u>(483,004)</u>
Increase (Decrease) in cash	1,269,583	(575,023)
Cash at beginning of year	<u>746,966</u>	<u>1,321,989</u>
Cash at end of year	<u>\$ 2,016,549</u>	<u>\$ 746,966</u>

(The accompanying notes are an integral part of these financial statements.)



**PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2007**

**1. Summary of significant accounting policies**

**(a) Capital Assets**

Capital assets are stated at cost less accumulated amortization. Amortization of buildings, furniture and equipment and leasehold improvements are calculated on a straight-line basis at the rates indicated in Note 2.

**(b) Inventories**

Inventories are valued at the lower of first-in, first-out cost and net realizable value. Inventory cost includes the purchase cost and related freight, duty and excise taxes.

**(c) Net Income**

All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Operating Fund on a continuing basis as excess cash becomes available.

**2. Capital Assets**

		<u>2007</u>		<u>2006</u>	
	<u>Amortization Rate</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land		\$ 85,537	\$ -	\$ 85,537	\$ 85,537
Buildings	5%	5,249,510	3,067,701	2,181,809	1,552,950
Equipment	10 & 20%	1,491,956	1,264,762	227,194	145,282
Vehicles	30%	100,850	100,850	-	25,213
Leasehold Improvements	10%	4,789,805	2,807,340	1,982,465	1,672,349
Financial Information System	20%	<u>2,017,808</u>	<u>1,863,054</u>	<u>154,754</u>	<u>365,135</u>
		<u>\$13,735,466</u>	<u>\$9,103,707</u>	<u>\$4,631,759</u>	<u>\$3,846,466</u>

**3. Leases**

The Prince Edward Island Liquor Control Commission leases various pieces of computer hardware and software as well as 13 retail outlets. Future minimum lease payments are as follows:

<u>Fiscal Years</u>	<u>Amount</u>
2008	\$ 724,575
2009	688,715
2010	615,622
2011	613,127
2012	613,127
2013-2018	<u>2,117,311</u>
	<u>\$5,372,477</u>

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2007

4. Debentures Payable - Province of Prince Edward Island

	Balance March 31, 2007	Less Current Portion	Long Term Liability
<u>Borden-Carleton</u> Repayable in equal annual installments of \$37,442 including interest @ 5.74% per annum, maturing January 21, 2008.	\$ 35,409	\$ 35,409	\$ -
<u>Kensington</u> Repayable in equal annual installments of \$49,143 including interest @ 6.70% per annum, maturing November 8, 2009.	129,678	40,454	89,224
<u>North Rustico</u> Repayable in equal annual installments of \$38,936 including interest @ 6.79% per annum, maturing March 24, 2010.	102,574	31,972	70,602
<u>Charlottetown (Oak Tree)</u> Repayable in equal annual installments of \$197,398 including interest @ 6.79% per annum, maturing March 24, 2010.	520,029	162,088	357,941
<u>Cardigan</u> Repayable in equal annual installments of \$55,381 including interest @ 6.40% per annum, maturing February 16, 2011.	190,159	43,212	146,947
<u>Summerside (Waterfront)</u> Repayable in equal annual installments of \$88,042 including interest @ 6.77% per annum, maturing July 18, 2011.	363,225	63,451	299,774
<u>Financial Information System</u> Repayable in equal annual installments of \$195,599 including interest @ 6.57% per annum, maturing March 28, 2012.	811,311	142,296	669,015
<u>Wood Islands</u> Repayable in equal annual installments of \$33,052 including interest @ 5.85% per annum, maturing November 27, 2012.	163,294	23,499	139,795

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2007

4. Debentures Payable - Province of Prince Edward Island (continued)

	Balance March 31, 2007	Less Current Portion	Long Term Liability
<u>Charlottetown (Queen Street)</u> Repayable in equal annual installments of \$60,016 including interest @ 5.61% per annum, maturing August 1, 2013.	339,726	40,958	298,768
<u>Tignish</u> Repayable in equal annual installments of \$99,684 including interest @ 5.40% per annum, maturing January 9, 2014.	568,541	68,983	499,558
<u>Charlottetown (Head Office)</u> Repayable in equal annual installments of \$38,889 including interest @ 5.02% per annum, maturing March 7, 2015.	251,146	26,282	224,864
<u>Sherbrooke</u> Repayable in equal annual installments of \$38,493 including interest @ 4.81% per annum, maturing February 28, 2016.	275,936	25,221	250,715
<u>West Royalty</u> Repayable in equal annual installments of \$64,156 including interest @ 4.81% per annum, maturing August 30, 2016.	500,000	40,106	459,894
<u>Souris</u> Repayable in equal annual installments of \$101,660 including interest @ 4.74% per annum, maturing March 30, 2017.	795,000	63,977	731,023
	<u>\$5,046,028</u>	<u>\$807,908</u>	<u>\$4,238,120</u>

The total principal repayment for the next five years is as follows:

2008	\$ 807,908
2009	819,687
2010	869,806
2011	637,561
2012	619,384
Total	<u>\$3,754,346</u>

**PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**MARCH 31, 2007**

**5. Salaries and Benefits - Pension and Other Employee Benefits**

Employees of the Prince Edward Island Liquor Control Commission are members of the Prince Edward Island Civil Service Superannuation Plan. Other employee benefits and the employer's share of the plan benefits plus any additional future actuarial liabilities are assumed by the Province of P.E.I. and are not reflected in the Commission's financial statements.

**6. Fair Value of Financial Instruments**

The fair value of the Commission's cash, accounts receivable, accounts payable and accruals, debentures payable and due to the Province approximates their carrying amounts.







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